

and bonding, for any one of the following: The total unpaid balance of the purchase price of all defaulted sales, the unsettled damages on all defaults, or 50 percent of the purchase price of contracts bid after the most recent default. Any payment applied toward 50 percent of a contract's bid price after the default(s) will be held as final payment for timber cut and/or removed under terms of the contracts. Acceptable bonding options are listed at § 5451.1 of this title. Payment and bonding are due within time limits stated in § 5450.1(c). Should the purchaser fail to demonstrate responsibility within 30 days of receipt of the notice, the authorized officer shall offer the contract for the amount of the high bid to the highest of the bidders who is qualified, responsible, and willing to accept the contract. Failure to demonstrate responsibility within 30 days of receipt of the notice indicates that the purchaser is not responsible, and debarment proceedings shall be considered under § 5441.1 of this title.

(c) Within 30 days after receipt of the contract the successful bidder shall sign and return the contract, together with any required performance bond and any required payment: *Provided*, That the authorized officer may, in his discretion, extend such period an additional 30 days if the extension is applied for in writing and granted in writing within the first 30-day period. If the successful bidder fails to comply within the stipulated time, his bid deposit shall be retained as liquidated damages.

(d) Award of contracts or permits on negotiated sales occurs upon the execution of the contract or permit. Terms and conditions shall reflect the contractor's ability to perform, and shall require prevention or mitigation of environmental degradation associated with the removal of the timber or other vegetative resource.

[35 FR 9786, June 13, 1970, as amended at 55 FR 3955, Feb. 6, 1990; 56 FR 10175, Mar. 11, 1991; 56 FR 47916, Sept. 23, 1991]

Subpart 5451—Bonds

§ 5451.1 Minimum performance bond requirements; types.

(a) A minimum performance bond of not less than 20 percent of the total contract price shall be required for all contracts of \$2,500 or more, but the amount of the bond shall not be in excess of \$500,000, except when the purchaser opts to increase the minimum bond as provided in § 5451.2 of this title. A minimum performance bond of not less than \$500 will be required for all installment contracts less than \$2,500. For cash sales less than \$2,500, bond requirements, if any, will be in the discretion of the authorized officer. The performance bond may be:

(1) Bond of a corporate surety shown on the approved list issued by the United States Treasury Department and executed on an approved standard form; or

(2) Personal surety bond, executed on an approved standard form if the authorized officer determines the principals and bondsmen are capable of carrying out the terms of the contract; or

(3) Cash bond; or

(4) Negotiable securities of the United States.

(5) Any guaranteed remittance approved by the authorized officer.

[35 FR 9786, June 13, 1970, as amended at 38 FR 6281, Mar. 8, 1973; 46 FR 42673, Aug. 24, 1981; 47 FR 38696, Sept. 2, 1982]

§ 5451.2 Performance bonds in excess of minimum.

(a) The purchaser may cut timber before payment of the second or subsequent installments required by § 5461.2(a) of this part by increasing the minimum bond required by § 5451.1(a) of this part by an amount equal to one or more installment payments; *Provided, however*, That the authorized officer may grant permission to cut timber only when the value of the timber to be cut does not exceed the amount by which the minimum bond has been increased. The purchaser shall secure approval in writing of the adjusted bond